

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: KRISTINE SASSER
DEPUTY ATTORNEY GENERAL**

DATE: NOVEMBER 25, 2009

**SUBJECT: IN THE MATTER OF INTERMOUNTAIN GAS COMPANY'S
APPLICATION FOR AUTHORITY TO ESTABLISH INTERRUPTIBLE
SNOWMELT TARIFFS, CASE NO. INT-G-09-03**

On November 5, 2009, Intermountain Gas Company filed an Application requesting authority to implement new rate schedules. Application at 2. Specifically, the Company proposes new rates schedules that would require any new residential or small commercial customer installing new natural gas equipment, or any existing residential or small commercial customer performing remodeling work that includes modification of equipment and piping, for the purpose of melting snow on sidewalks, driveways, or other similar appurtenances ("Snowmelt"), to receive interruptible service for such Snowmelt either under the Company's proposed Rate Schedule IS-R or Rate Schedule IS-C. The Company requests that its Application be processed by Modified Procedure and that its rates become effective on December 15, 2009.

THE APPLICATION

Intermountain asserts that natural gas-fired Snowmelt equipment has increased in popularity over the past decade. While Snowmelt usage can be beneficial during off-peak periods to more efficiently use otherwise unused distribution capacity, it can negatively impact system pressures when firm sales and transportation customers require peak-day deliveries. In addition, Intermountain maintains that most Snowmelt equipment uses an inordinate amount of natural gas compared to a standard space or water heating application. The Company states that during periods of peak-day throughput, Snowmelt usage competes with firm customers for the finite amount of available natural gas that can flow through the Company's distribution system,

potentially degrading service to firm customers. Intermountain explains that because Snowmelt customers use large amounts of natural gas for only a few days or weeks during the winter, it creates an inefficient use of the Company's distribution system and does not allow for cost recovery of the added capacity. Therefore, Intermountain proposes that Snowmelt use be considered an interruptible service.¹

Intermountain proposes that all new Snowmelt applications have individual metering facilities, separate and distinct from any metering providing any other natural gas service. At its sole discretion, Intermountain will manually or remotely turn off all Snowmelt meters in affected regions of its system when system integrity is at issue. The Company believes that interruptions will be short in duration and will depend on weather and snowfall conditions.² Existing Snowmelt users will be given the option to convert to the terms and conditions of the proposed rate schedules.

The proposed rate schedules include a Facility Reimbursement Charge to recover the capital investment required to provide Snowmelt service to new customers. However, the proposed schedules include a provision that would exempt existing Snowmelt customers from the one-time Facility Reimbursement Charge.

Intermountain asserts that customers have been notified regarding Intermountain's Application through a press release in the Company's service area where customers would be impacted by the proposed schedules. Intermountain states that the proposed schedules are just, fair, and equitable. Finally, the Company requests that this matter be handled under Modified Procedure pursuant to Rules 201-204 of the Commission's Rules of Procedure and that its rates become effective on December 15, 2009.

STAFF RECOMMENDATION

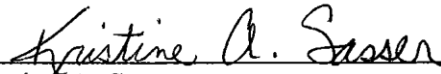
Staff has reviewed the Application and recommends that the case proceed by Modified Procedure with a comment deadline of December 23, 2009. Staff recommends the Commission suspend the Company's requested December 15, 2009, implementation date in order to allow adequate time for review and comment.

¹ During periods of peak-day throughput, interruptible customers can be required to cease using natural gas to help ensure the needs of firm sales and transportation customers are met.

² The Company has already negotiated voluntary agreements with existing Large Volume Snowmelt users that provides for cessation of Snowmelt upon notice by the Company.

COMMISSION DECISION

1. Does the Commission find that the public interest may not require a hearing to consider the issues presented, and that this proceeding may be processed under Modified Procedure?
2. Does the Commission wish to establish a December 23, 2009, comment deadline?
3. Does the Commission wish to suspend the Company's proposed effective date of December 15, 2009, pursuant to *Idaho Code* § 61-622, to allow adequate time for review and comment?



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Deputy Attorney General

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